



# UNITED STATES ATTORNEY'S OFFICE

## *Southern District of New York*

U.S. ATTORNEY PREET BHARARA

FOR IMMEDIATE RELEASE  
Wednesday, January 18, 2012  
<http://www.justice.gov/usao/nys>

CONTACT: U.S. Attorney's Office  
Ellen Davis, Jerika Richardson,  
Carly Sullivan  
(212) 637-2600

FBI  
Tim Flannelly, Jim Margolin  
(212) 384-2100

### **MANHATTAN U.S. ATTORNEY AND FBI ASSISTANT DIRECTOR-IN-CHARGE ANNOUNCE ARREST OF COMPUTER PROGRAMMER FOR STEALING PROPRIETARY CODE FROM THE FEDERAL RESERVE BANK OF NEW YORK**

Preet Bharara, the United States Attorney for the Southern District of New York, and Janice K. Fedarczyk, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI") announced today the unsealing of a Complaint charging BO ZHANG, a computer programmer, with stealing proprietary software code from the Federal Reserve Bank of New York, where ZHANG worked as a contract employee. ZHANG was arrested this morning by agents of the FBI and the Department of the Treasury Office of Inspector General ("OIG") and is expected to be presented in Manhattan federal court later today.

Manhattan U.S. Attorney Preet Bharara said: "As today's case demonstrates, our cyber infrastructure is vulnerable not only to cybercriminals and hackers, but also alleged thieves like Bo Zhang who used his position as a contract employee to steal government intellectual property. Fighting cyber crime is one of the top priorities of this Office and we will aggressively pursue anyone who puts our computer security at risk."

FBI Assistant Director-in-Charge Janice K. Fedarczyk stated: "Zhang took advantage of the access that came with his trusted position to steal highly sensitive proprietary software. His intentions with regard to that software are immaterial. Stealing it and copying it threatened the security of vitally important source code."

According to the Complaint unsealed today in Manhattan federal court:

The Government-wide Accounting and Reporting Program ("GWA") is a software system that is owned by the United States Department of the Treasury ("DOT"). It is used principally to help keep track of the United States government's finances. Among other things, the GWA handles ledger accounting for each appropriation, fund, and receipt within the DOT, and provides federal agencies with an account statement – similar to bank statements provided to

bank customers – of the agencies’ account balances with the United States Treasury. The proprietary computer source code associated with the GWA is maintained by the Federal Reserve Board of New York (“FRBNY”) in an access-controlled electronic repository. The FRBNY is further developing the source code for the GWA.

As alleged in the Complaint, between May 2011 and August 11, 2011, BO ZHANG was a contract employee assigned to the FRBNY to work on further developing a specific portion of the GWA’s source code (the “GWA Code”), which the United States has spent approximately \$9.5 million to develop. In the summer of 2011, ZHANG allegedly stole the GWA Code. According to the Complaint, ZHANG admitted that in July 2011, while working at the FRBNY, he checked out and copied the GWA Code onto his hard drive at the FRBNY; he subsequently copied the GWA Code onto an FRBNY-owned external hard drive; and he connected that external hard-drive to his private office computer, his home computer, and his laptop. ZHANG stated that he used the GWA Code in connection with a private business he ran training individuals in computer programming.

\* \* \*

ZHANG, 32, of Queens, New York, faces a maximum term of ten years in prison, a maximum term of three years of supervised release, and a fine of the greatest of \$250,000, or twice the gross pecuniary gain derived from the offense or twice the gross pecuniary loss to the victims.

Mr. Bharara praised the outstanding investigative work of the FBI. He also thanked the Department of the Treasury OIG and the FRBNY for their assistance in the investigation.

This case is being handled by the Office's Complex Frauds Unit. Assistant U.S. Attorneys Niketh Velamoor and Nicholas Lewin are in charge of the prosecution.

The charge and allegations contained in the Complaint are merely accusations, and the defendant is presumed innocent unless and until proven guilty.